

UNITED STATES OF AMERICA
Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 2000)

Docket No. R2000-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
(OCA/USPS-1-14)
January 24, 2000

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents.

If data requested are not available in the exact format or level of detail requested, any data available in (1) a substantially similar format or level of detail or (2) susceptible to being converted to the requested format and detail should be provided.

The production of documents requested herein should be made by photocopies attached to responses of these interrogatories. If production of copies is infeasible due to the volume of material or otherwise, provision should be made for inspection at the Office of the Consumer Advocate, 1333 H Street, N.W., Washington, D.C. 20268-0001, during the hours of 8:00 a.m. to 4:30 p.m.

If a privilege is claimed with respect to any data or documents requested herein, the party to whom this discovery request is directed should provide a Privilege Log (see, e.g., Presiding Officer Ruling C99-1/9, p. 4, in *Complaint on PostECS*, Docket No. C99-

1). Specifically, "the party shall make the claim expressly and shall describe the nature of the documents, communications, or things not produced or disclosed in a manner that, without revealing information itself privileged or protected, will enable other parties to assess the applicability of the privilege or protection." Fed. R. Civ. P. 26(b)(5).

The term "documents" includes, but is not limited to: letters, telegrams, memoranda, reports, studies, newspaper clippings, speeches, testimonies, pamphlets, charts, tabulations, and workpapers. The term "documents" also includes other means by which information is recorded or transmitted, including printouts, microfilms, cards, discs, tapes and recordings used in data processing together with any written material necessary to understand or use such punch cards, discs, tapes or other recordings.

"All documents" means each document, as defined above, that can be located, discovered or obtained by reasonable diligent efforts, including without limitation all documents possessed by: (a) you or your counsel; or (b) any other person or entity from whom you can obtain such documents by request or which you have a legal right to bring within your possession by demand.

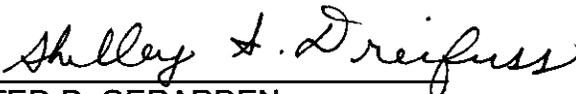
"Communications" includes, but is not limited to, any and all conversations, meetings, discussions and any other occasion for verbal exchange, whether in person or by telephone, as well as all documents, including but not limited to letters, memoranda, telegrams, cables, or electronic mail.

"Relating to" means discussing, describing, reflecting, containing, analyzing, studying, reporting, commenting on, evidencing, constituting, setting forth, considering, recommending, concerning, or pertaining to, in whole or in part. Responses to requests for explanations or the derivation of numbers should be accompanied by workpapers.

The term "workpapers" shall include all backup material whether prepared manually, mechanically or electronically, and without consideration to the type of paper used. Such workpapers should, if necessary, be prepared as part of the witness's responses and should "show what the numbers were, what numbers were added to other numbers to achieve a final result." The witness should "prepare sufficient workpapers so that it is possible for a third party to understand how he took data from a primary source and developed that data to achieve his final results." Docket No. R83-1, Tr. 10/2795-96. Where the arithmetic manipulations were performed by an electronic digital computer with internally stored instructions and no English language intermediate printouts were prepared, the arithmetic steps should be replicated by manual or other means.

Please especially note that if you are unable to provide any of the requested documents or information, as to any of the interrogatories, please provide an explanation for each instance in which documents or information cannot be or have not been provided.

Respectfully submitted,


TED P. GERARDEN
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OCA/USPS-1. Please refer to Statement of William J. Henderson before the Subcommittee on the Postal Service, Committee on Government Reform, U. S. House of Representatives, dated October 21, 1999. On page 4 of the statement Postmaster General Henderson states, "As consumers grow more comfortable with logging on to pay their bills--these efforts will reach critical mass. The result could be erosion of our total revenues. We believe nearly \$17 billion is at risk." Please provide the derivation of the \$17 billion figure.

OCA/USPS-2. Please refer to the Statement of Bernard L. Ungar, General Accounting Office, before the Subcommittee of the Postal Service, Committee on Government Reform, U.S. House of Representatives, dated October 21, 1999. On page 5 of the Statement, Mr. Ungar states that the Postal Service provided GAO with "a detailed explanation of its volume forecast scenario and why it projects a substantial decline in First-Class Mail in the next decade." Please provide a complete copy of the volume forecast, including all assumptions utilized in the forecast. Provide all supporting workpapers and calculations.

OCA/USPS-3. Please provide the fiscal year 1999 CRA and supporting documentation equivalent to that for base year 1998.

OCA/USPS-4. Please provide the equivalent of library references I-130 through I-149 for fiscal year 1999.

OCA/USPS-5. The edition of the "F8 Handbook" on file in the Commission docket room entitled "General Classification of Accounts" is dated September, 1993 and was filed as USPS-LR-237 in Docket No. R97-1. Please provide a current "F8 Handbook" for the USPS chart of accounts. Include in the copy provided all changes that have

occurred since the edition dated September, 1993. If the current F8 Handbook is available in electronic format, please provide that as well.

OCA/USPS-6. Please provide the billing determinants for fiscal year 1999 in a format similar to LR-I-125.

OCA/USPS-7. The Office of the Inspector General's web site contains a link to the "Semiannual Report to Congress" for the period ending March 31, 1999. Please provide copies of all other semiannual reports issued to date. Please provide a copy of the semiannual report for the first half of 2000 as soon as it is issued.

OCA/USPS-8. Please refer to the attachment. Please provide the cost of preparing, processing, transporting, and delivering this mailing.

OCA/USPS-9. The revised Government Fiscal Year 1999 Revenue, Pieces and Weight Report, dated December 20, 1999, and filed with the Commission December 27, 1999, indicates that 380,103,000 pieces were mailed in the service category of "U.S. Postal Service Mail" in GFY 1998 and 382,283,000 in GFY 1999. Please provide a breakdown of these mailings for each year, including a description of each mailing or type of mailing. Indicate how many of the mailings were nationwide in scope and/or intended to be delivered to every domestic delivery address.

OCA/USPS-10. In the rebuttal testimony of Postal Service witness Michael W. Miller, USPS-RT-17 in Docket No. R97-1, at page 18, lines 30-31, Mr. Miller states that "at least one CEM-specific direct mailing (\$11 million) would need to be sent to every household and business in the United States."

(a) Please update the \$11 million figure based on data from the Test Year in R2000-1.

- (b) Please identify the costs or components of, or otherwise explain the derivation of, the updated figure.

OCA/USPS-11. Dr. Tolley and Dr. Thress provide information supporting projections of volumes and revenues for the test year.

- (a) Various witnesses indicate efforts in the areas of efficiency improvements by the Postal Service and market development. Please explain how these factors are accounted for in the Postal Service volume and revenue projections. Are there any other efforts beyond those outlined in the filed testimony which are wholly, partially, or prospectively under consideration and/or implementation?
- (b) Reference is also made to electronic media; are there any studies, consideration, or information on the potential impact of the emerging technological changes in electronics and telephony on the demand for existing and/or new services? If so, please provide copies of any such documents.

OCA/USPS-12. Postal Service projections appear generally to be based on the development of databases and regressions. Has the Postal Service engaged in any other type of forecasting--for example ARIMA and the variety of other time series techniques used for projections? If so, please discuss the use of such other types of forecasting and its relation to projections appearing in the rate filing.

OCA/USPS-13. A properly specified and competently performed econometric analysis can provide a prediction of future demand, assuming that the exogenous variables are correctly modeled. However, the effects of major turning points in the economy may not have been captured by the data. Accordingly, a regression which is

correct may still fail in providing correct forecasts if there has been a major discontinuity in the exogenous variables.

- (a) Does this possibility apply to any of the Postal Service regression equations as presented by the various witnesses?
- (b) Has this issue been considered by Postal Service management, economists, and other personnel? If so, are there any studies or evaluations of the issue? Please provide copies of any documents.

OCA/USPS-14. Please refer to the Statement of Bernard L. Ungar, General Accounting Office, before the Subcommittee of the Postal Service, Committee on Government Reform, U.S. House of Representatives, dated October 21, 1999. On page 5 of the Statement, Mr. Ungar states that the Postal Service provided GAO with "a detailed explanation of its volume forecast scenario and why it projects a substantial decline in First-Class Mail in the next decade." Please provide a complete copy of the volume forecast, including all assumptions utilized in the forecast. Provide all supporting workpapers and calculations.

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- Says you've won a prize but asks you to send money first.
- Says you have to act right away.
- Instructs you to wire money.
- Offers to have someone pick up a payment from your home.
- Says he or she is a law enforcement officer who will help you—for a fee.

Follow these guidelines to protect yourself:

- Check all unsolicited offers with your Better Business Bureau.
- Don't assume a friendly voice belongs to a friend.
- Never give your credit card, checking account or social security number to an unknown caller.

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If you think you're a victim of fraud, call toll free: 1-877-987-3728

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 - Federal Bureau of Investigation
 - Federal Trade Commission
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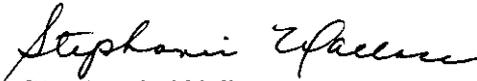


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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


Stephanie Wallace

Washington, D.C. 20268-0001
January 24, 2000